

**PRESENTATION TO THE**

**SUBCOMMITTEE ON**

**EDUCATION & ECONOMIC**

**DEVELOPMENT**

**OF THE**

**HOUSE APPROPRIATION COMMITTEE**

**BY THE**

**MARYLAND STADIUM AUTHORITY**

**January 27, 2004**

# Maryland Stadium Authority

# Maryland Stadium Authority

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  - Uitas Stadium Field House
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2. Current Projects
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# Maryland Stadium Authority

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Fiscal Year 2003 Projects

# Maryland Stadium Authority Hippodrome Performing Arts Center



# Maryland Stadium Authority Hippodrome Performing Arts Theatre



# Maryland Stadium Authority Hippodrome Performing Arts Center



# Maryland Stadium Authority Hippodrome Performing Arts Center



# Maryland Stadium Authority Hippodrome Performing Arts Center



# Maryland Stadium Authority

## Unitas Stadium



# Maryland Stadium Authority Veterans Memorial

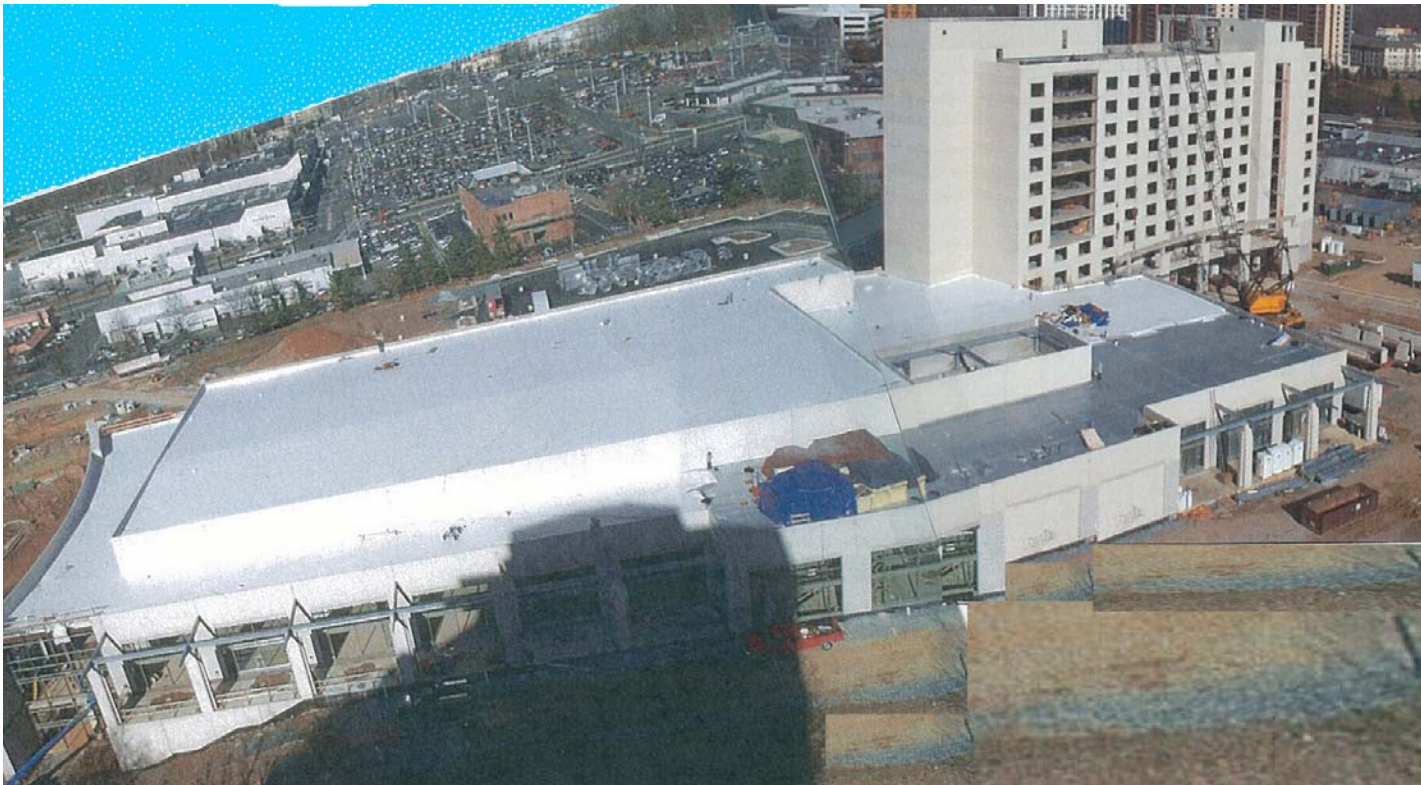


# Maryland Stadium Authority

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Current Projects

# Maryland Stadium Authority Montgomery County Conference Center



# Maryland Stadium Authority Camden Station



# Maryland Stadium Authority Camden Station



# Maryland Stadium Authority

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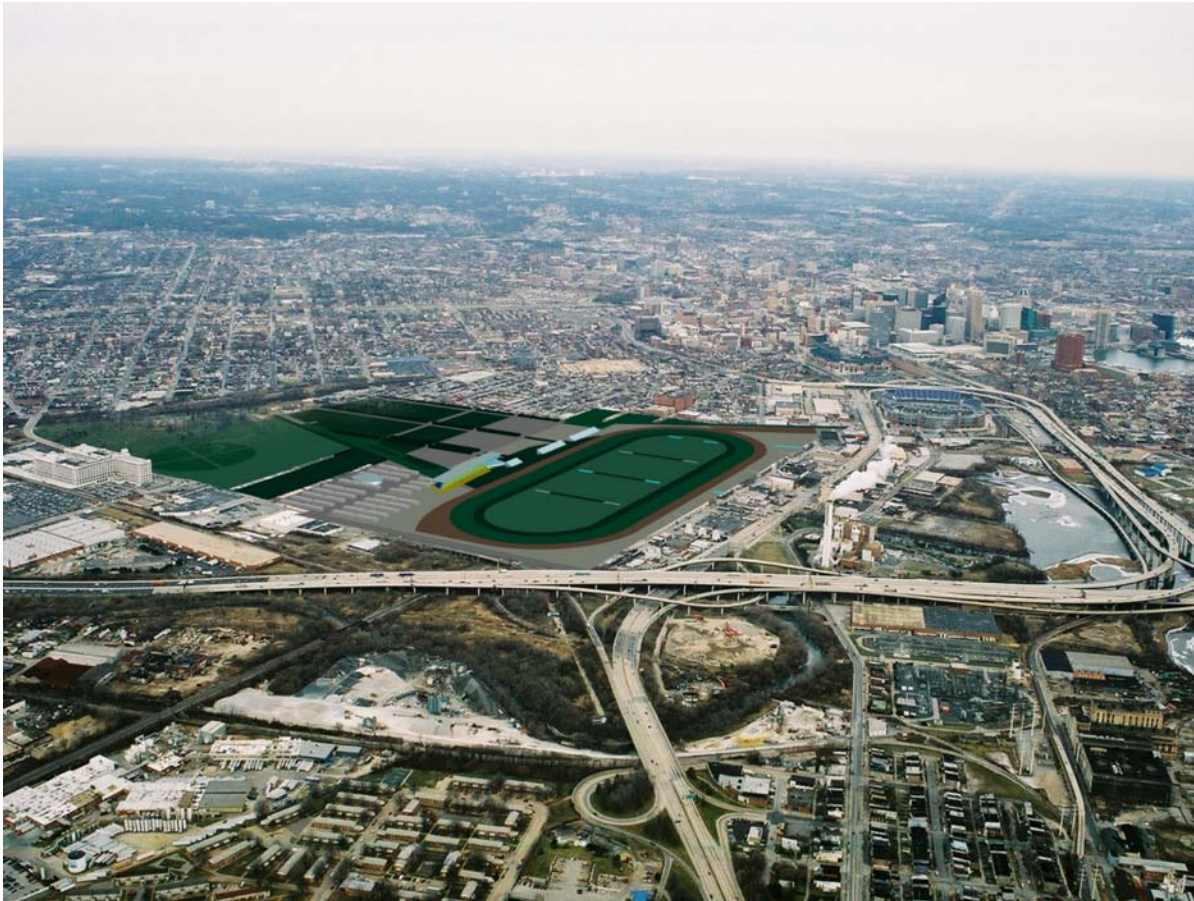
Potential Projects

# Maryland Stadium Authority

## Potential Projects

Gateway Race Track  
Slot Facilities  
Charles County Minor League Baseball  
Western Maryland Adventure Sports Center  
Garrett College Athletic and Community Recreation Center  
Cruise Ship Terminal  
Frederick Keys Stadium Renovations  
Expansion of Byrd Stadium  
Hagerstown Public High School Athletic Complex  
Renovation of the Salisbury Civic Center for Minor League Hockey  
AEG-DC United Soccer Stadium Study  
Ocean City Convention Center Expansion  
Leonardtown Golf Course  
Olympic Soccer Training Center

# Maryland Stadium Authority Potential Gateway Racetrack



# Maryland Stadium Authority

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## Completed Projects

# Maryland Stadium Authority

Oriole Park at Camden Yards ( including Land)	\$ 205,000,000
Baltimore City Convention Center Expansion	\$ 156,000,000
Ocean City Convention Center	\$ 32,700,000
M & T Bank Stadium	\$ 229,000,000
UMBC Commons	\$ 34,000,000
Ripken Stadium	\$ 18,000,000
Unitis Stadium – Towson Sports Complex	\$ 32,700,000
Towson Baseball Stadium	\$ 500,000
Comcast Arena	\$ 126,000,000
College Park Garage	\$ 18,000,000
College Park Women's Softball Stadium	\$ 3,700,000
Montgomery County Conference Center and Hotel	\$ 66,000,000
Veteran Memorial	\$ 850,000
Memorial Stadium Demolition	\$ 5,500,000
Hippodrome Performing Arts Center	\$ 63,800,000
Camden Station Renovation	\$ 9,500,000
Total Development	<hr/> \$ 1,001,250,000

# Oriole Park at Camden Yards Opened



## Funding Sources:

Taxable Bonds	\$ 17.3 Million
Tax-Exempt Bonds	137.6
Lottery	36.3
Interest Income	1.8
Private Funds	<u>12.0</u>
Total	\$ 205.0 Million

# Baltimore City Convention Center Opened 1996



## Funding Sources:

State GO Bonds	\$ 56.0 Million
Stadium Authority	
Tax-Exempt Bonds	50.0
Baltimore City	
Contribution	<u>50.0</u>
Total	\$156.0 Million

# Ocean City Convention Center Opened 1997



## Funding Sources:

Stadium Authority	
Tax-Exempt Bonds	\$16.35 Million
Town of Ocean City	
Contribution	<u>16.35</u>
Total	\$ 32.7 Million

# M & T Bank Stadium Opened

# 1998



## Funding Sources:

Tax-Exempt Bonds	\$ 92.2 Million
Lottery	57.0
Bond Refunding	18.1
Other Authority	
Revenue	34.6
Interest	3.1
Private Funds	<u>24.0</u>
Total	\$229.0 Million

# University Commons – UMBC Opened 2002



Funding Sources:

UMBC    \$ 34.0 Million

# Ripken Stadium Opened

## 2002



### Funding Sources:

State GO Bonds	\$ 6.0 Million
City of Aberdeen	6.0
Private Funding	<u>6.0</u>
Total	\$18.0 Million

# Johnny Unitas Stadium – Towson Opened 2002



Towson Football

Funding Sources:

Towson \$ 32.7 Million

Towson Baseball

Funding Sources:

Towson \$ 500,000

# Comcast Arena Opened

## 2002

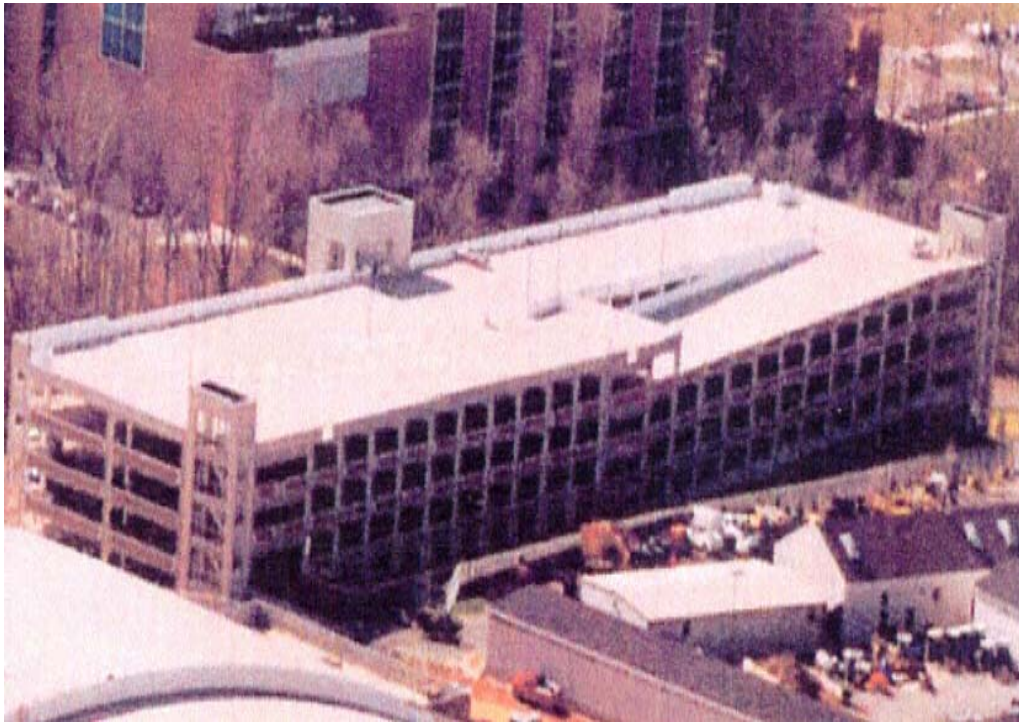


Funding Sources:

University of  
Maryland    \$126.0 Million

# College Park Garage Opened

2002



Funding Sources:

University of  
Maryland    \$18.0 Million

# College Park Women's Softball Stadium



Funding Sources:

University of  
Maryland    \$3.7 Million

# Montgomery County Conference Ctr Opening 2004



## Funding Sources:

Stadium Authority	
Tax-Exempt Bonds	\$20.3 Million
Hotel Developer	30.0
Montgomery Co.	
Contribution	<u>15.7</u>
Total	\$66.0 Million

# Hippodrome Performing Arts Center Opening



## Funding Sources:

State General Funds	\$ 16.5 Million
Taxable Bonds	17.4
Private Funds	22.3
Baltimore City	6.0
Baltimore Co.	.5
Interest Income	<u>1.1</u>
Total	\$ 63.8 Million

# Camden Station Opening

## March 2005



### Funding Sources:

Taxable Bonds	\$ 8.0 Million
Non-Budget Funds	<u>.5</u>
Total	\$ 8.5 Million

# Maryland Stadium Authority

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## Operating Budget Analysis Response

# **Maryland Stadium Authority Responses to Legislative Analysis**

## **Major Trends:**

**MSA is advised to brief the committees concerning its efforts to find new projects and on the likelihood of receiving construction management fees from the two outstanding projects they are currently pursuing.**

The Maryland Stadium Authority actively sought new projects during the past year. The Authority received approval from the Budget Committees to assist in the development of a minor league baseball stadium in Charles County. The Authority is currently in discussions with various groups for the development of the following projects:

- Gateway Race Track
- Slot Facilities
- Charles County Minor League Baseball
- Western Maryland Adventure Sports Center
- Garrett College Athletic and Community Recreation Center
- Cruise Ship Terminal
- Frederick Keys Stadium Renovations
- Expansion of Byrd Stadium at College Park
- Hagerstown Public High School Athletic Complex
- Renovation of the Salisbury Civic Center for Minor League Hockey
- AEG-DC United Stadium
- Ocean City Convention Center Expansion
- Leonardtown Golf Course
- Olympic Soccer Training Center

The Authority develops a formula based upon estimated monthly expenses that are used to charge current projects to ensure reimbursement of all of the Authority's time and expenses. This formula was developed and used successfully for the construction of the Ripken Stadium and will be used successfully for all future projects.

## **Issues:**

**The Department of Legislative Service (DLS) recommends that MSA comment on why the operation of Camden Yards is not able to fully cover operating expenses without inclusion of admission taxes which are levied by the State.**

From the initial draft of the Oriole's lease in 1987 to its final form, the intent of the state was to negotiate a lease the Orioles were willing to sign to keep them in Baltimore. To get to that point an exhaustive study of existing rent formulas for other teams was performed. In some jurisdictions a form of admissions taxes were included in the rent

formula and in other cases it was not. The Orioles' steadfast position throughout remained that Admissions Taxes must be considered a part of the rent. They would have to pay taxes here, while in many other cities they were not a factor. Eventually a rent formula was agreed upon that included Admissions Taxes and that, based upon attendance assumptions, generated rent consistent with other cities.

When MSA did its initial financing plan, it was assumed that lottery paid 100% of debt service and the Admissions Taxes would be used for operations. For the first ten seasons at Oriole Park at Camden Yards, the stadium sold out for nearly every game. As a result, we far exceeded our initial projections and rent covered our operating costs without including Admissions Taxes. Over the past several years however, with declining attendance, the revenue generated from the games has also declined. There is no proportional relationship between revenues and expenses. The Authority still has an obligation to maintain and secure the stadium whether there are 10,000 or 40,000 fans. In either case there is very little adjustment to the expenses. Also, now that the Oriole Park is thirteen years old, the cost of maintaining the facility is rising. The Authority has always taken the approach of maintaining the Park in a near perfect condition rather deferring maintenance, which could lead to a major system failure that would cost far more than the yearly maintenance cost. The Authority is also bound by the Orioles lease to maintain the stadium in the top 25% of stadiums in the country. Oriole Park at Camden Yards is now the 16<sup>th</sup> oldest stadium in the country, but is still recognized nationally as one of the top stadiums in the country. When the revenues from the teams are not sufficient, it was always assumed that the Admissions Tax would cover the shortfall.

Additionally, MSA uses the Admissions Taxes to pay \$200,000 annually per stadium for the Capital Improvement Funds required by the leases and to fund \$2,400,000 for Public School Construction.

**DLS recommends MSA brief the committee on the ongoing declining economic performance of BCCC.**

It is MSA's belief that the declining economic performance of BCCC is a result of the lingering effects from the prior leadership at BACVA. Conventions typically book their events from two to three years into the future. The economic performance of the new regime at BACVA will not be felt for several years out.

**DLS recommends that MSA comment on the Mandel Commission recommendation and on its ability to bring efficiencies, economies of scales and expertise to the Public School Construction program.**

The Authority is aware of the recommendation of the Mandel Commission. The Authority does not feel that it can comment on the recommendation at this time due to its lack of knowledge of the intent of the recommendation and the lack of knowledge of the current function of the Public School Construction programs. The Authority will take

whatever actions the Governor and the General Assembly desire when that determination is made.

## **Recommended Actions:**

### **Reduce special funds for grants in Facilities Fund by \$672,000.**

The Authority agrees with the recommendation to reduce special funds by \$672,000.

One of the bond series for the baseball stadium will be paid off in FY '04 and does not need to be included in FY'05.

## **Operating Budget Analysis:**

### **DLS recommends that MSA brief the committee on why they feel they will be unable to increase seating bowl event revenue over the next several years.**

The Authority has actively worked with the Baltimore Ravens and the Baltimore Orioles to increase the number of seating bowl events. During the past year the Authority in conjunction with the Baltimore Ravens, has submitted bids for the Army/Navy football game and for the NCAA Final Four Lacrosse Games. Unfortunately, the NCAA has selected an alternate site for the next two fiscal years, but the Army/Navy game will return in fiscal year 2008.

We are attempting to bring the ACC Lacrosse Tournament to M & T Bank Stadium and looking at other potential sources of revenue. The majority of events are booked a year in advance and the Authority cannot make a commitment that far in advance. We are subject to Baseball and Football scheduling priorities that are not available that early. We are also limited by a total of 5000 parking spaces that must be available for the teams.

The following events are tentatively set for the next few years:

Fiscal Year 2004	NCAA Lacrosse Finals (May 04)
Fiscal Year 2006	Maryland\Navy Football (Sept. 05)
Fiscal Year 2007	Navy\Notre Dame Football (Fall 06)
Fiscal Year 2008	Army\Navy Football (Fall 07)
Fiscal Year 2009	Navy/Notre Dame Football (Fall 08)

### **DLS recommends that MSA comment on why no projects have been started utilizing the funds from the parity suit.**

Over the past two years the Authority has worked closely with the Baltimore Orioles to develop plans for using the parity funds. This past year the original architect for Oriole Park at Camden Yards was retained by the MSA to develop the agreed upon concepts for

utilizing the parity funds. Preliminary concepts have been developed by HOK and are being evaluated by the Baltimore Orioles and the Authority. Due to the limited amount of time remaining until opening day 2004, most of the work cannot be implemented this year. We are hopeful that work will begin on many of the projects at the conclusion of the season.

**As an equity issue, DLS recommends that MSA voluntarily comply with any reduction in the State's funding for deferred compensation match for fiscal 2005 that may result from the actions of the General Assembly.**

The Authority has always complied with the recommendation of the General Assembly as it pertains to deferred compensation matches. MSA will comply in FY 2005. It has also complied with FY 2003 and FY 2004.

**DLS recommends MSA brief the committees on the ongoing declining economic performance of the BCCC and why they believe the convention center has consistently overstated operating deficits. DLS also recommends that MSA brief the committees on the steps BCCC and Baltimore Area Convention and Visitors Association (BACVA) are taking to increase revenues, decrease operating expenses and prepare for the schedule 2008 conclusion of the State deficit subsidy.**

The Maryland Stadium Authority has limited rights with respect to the operations of the Baltimore Convention Center (BCC). It always was anticipated that the Convention Center would operate at a deficit, in recognition of the fact that the real economic benefit of a convention center does not come from its operations but from the increase in sales and income taxes (and hotel taxes in the City of Baltimore) generated by the facility. The Department of Business and Economic Development Study for FY 2003 concludes that national events at the BCC generate economic activity (spending) of \$170.5 to \$211.1 million. This spending level supports 2,584 to 3,200 jobs and creates \$60 to \$74.3 million in income. In addition, State tax revenues range from \$9.6 to \$11.3 million and local tax revenues are \$4.5 to \$5.8 million.

We believe that the lack of a nearby convention hotel always has been an impediment to the true success of the Convention Center. We are encouraged by the City's recent efforts to move forward with a hotel adjacent to the Convention Center. We also are encouraged by the new BACVA management team and are hopeful that bookings will begin to increase. The Maryland Stadium Authority intends to be more assertive in its oversight rights as a follow-up to the Committee's recommendations.

**DLS recommends that MSA brief the committee on the results of the feasibility study and if there are any plans to go forward with the OCCC expansion.**

At this time, the Town of Ocean City is undecided as to the time frame for a potential expansion of the Ocean City Convention Center. The study was favorable and the expansion will likely be pursued in the near future.

**DLS recommends that MSA brief the committees on the potential impact on OCCC revenues with a new state of the art Convention Center located within four hours of Washington DC. DLS also recommends MSA brief the committees concerning the estimated fiscal 2005 revenues and expenditures for OCCC.**

Representatives of OCC assume the new convention center in Virginia Beach may create a slight decline in revenue for the first and second years. The majority of the events held at the Ocean City Convention Center are local and recurring events. They assume business will return to the current level of activity by year three.